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# Quebec Manitou Mines Limited

**Annual Report 1977**







# Quebec Manitou Mines Limited

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<b>Officers:</b>	H.L. Coulson F.J. McDonald I. Singer R.A. White	President Vice-President Secretary Treasurer
<b>Directors:</b>	H.L. Coulson F.J. McDonald I. Singer J.P. Shaughnessy W.B. Hansen	Toronto, Ontario Ottawa, Ontario Toronto, Ontario Toronto, Ontario New York, N.Y.
<b>Auditors:</b>	Ernst & Ernst	Toronto, Ontario
<b>Bankers:</b>	Toronto Dominion Bank	Toronto, Ontario
<b>Registrar and Transfer Agent:</b>	Canada Permanent Trust Company	Toronto, Ontario
<b>Share Listing:</b>	Toronto Stock Exchange	Toronto, Ontario
<b>Executive Office:</b>	Suite 1801, 65 Queen Street West	Toronto, Ontario M5H 2M5

## Annual Meeting

3:30 p.m. – 30 June 1978

Casson Room, Hotel Toronto

145 Richmond Street West

Toronto, Ontario



# Quebec Manitou Mines Limited

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## Report of the Directors

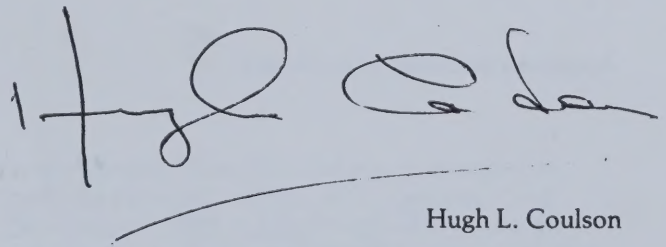
### To the Shareholders:

The management of your company has substantially changed during the past year and as a result management policy has been revamped. The company will continue to invest in the natural resource field but will concentrate on the oil and gas sector. However other unrelated forms of investments will be considered if warranted.

During 1977, 400,000 shares of the company's investment in Manitou-Barvue Mines Limited were sold for \$500,000 and a profit of \$364,047 was realized. The proceeds have been invested in short-term interest bearing investments and marketable securities.

Manitou-Barvue Mines Limited currently own approximately 69% of your company. While a formal offer has not been made Manitou-Barvue Mines Limited have announced they are going through the legal process of preparing an offer of 40¢ per share for the remaining shares. It is not the intention to amalgamate the company with Manitou-Barvue Mines Limited.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Hugh L. Coulson', is written over a horizontal line.

Hugh L. Coulson

President

June 1978

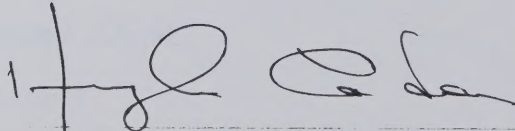


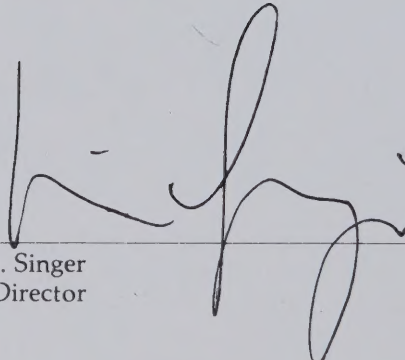
# Quebec Manitou Mines Limited

## Assets

	December 31	
	1977	1976
<b>Current Assets</b>		
Cash .....	\$ 17,236	\$ 10,936
Short-term deposit receipts and accrued interest .....	303,129	-0-
Marketable securities - at cost (quoted market value \$111,160) .....	123,390	7,893
	<u>443,755</u>	<u>18,829</u>
<b>Other Assets</b>		
Investment in Manitou-Barvue Mines Limited - Note B. ....	188,441	324,394
Mining properties and rights - Note C .....	197,623	197,623
Deferred exploration and development expenditures .....	581,841	580,931
Furniture and fixtures .....	100	100
	<u>968,005</u>	<u>1,103,048</u>
<b>TOTAL ASSETS</b>	<u><u>\$1,411,760</u></u>	<u><u>\$1,121,877</u></u>

Approved on behalf of the Board:

  
 Hugh L. Coulson  
 Director

  
 I. Singer  
 Director

See notes to financial statements

# Balance Sheet

## Liabilities and Shareholders' Equity

	December 31	
	1977	1976
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities .....	\$ 11,359	\$ 6,715
Unclaimed dividends .....	641	641
	<u>12,000</u>	<u>7,356</u>
 <b>Deferred Income Taxes</b>	 26,300	 -0-
 <b>Shareholders' Equity</b>		
Capital stock - Note D		
Authorized - 6,000,000 shares without par value		
Issued - 4,366,000 shares .....	922,838	922,838
Retained earnings .....	450,622	191,683
	<u>1,373,460</u>	<u>1,114,521</u>
	 <u>\$1,411,760</u>	 <u>\$1,121,877</u>

## Auditors' Report

### To the Shareholders

We have examined the balance sheet of Quebec Manitou Mines Limited as at December 31, 1977 and the statements of income, retained earnings, changes in financial position and deferred exploration and development expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. The financial statements for the year ended December 31, 1976 were reported on by other independent chartered accountants whose report dated February 23, 1977 expressed an unqualified opinion on those statements.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1977 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Ernst & Ernst*

February 15, 1978

Chartered Accountants

# Quebec Manitou Mines Limited

	Year Ended December 31	
	1977	1976
<b>Income</b>		
Interest .....	\$ 6,672	\$ -0-
Proceeds from granting of option .....	<u>-0-</u>	<u>25,000</u>
	6,672	25,000
<b>Expenses:</b>		
Administrative .....	16,274	7,914
Transfer agent's fees .....	4,208	2,547
Legal and audit .....	62,099	5,122
Annual meeting .....	<u>2,899</u>	<u>1,891</u>
	85,480	17,474
	(78,808)	7,526
<b>Gain on sale of investments - Note B</b> .....	<u>364,047</u>	<u>-0-</u>
	<b>INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM</b>	
	285,239	7,526
<b>Income taxes</b>	<u>49,600</u>	<u>2,032</u>
	<b>INCOME BEFORE EXTRAORDINARY ITEM</b>	
	235,639	5,494
<b>Extraordinary item</b> - reduction of income taxes resulting from application of deferred exploration and development expenditures .....	<u>23,300</u>	<u>2,032</u>
	<b>NET INCOME</b>	
	<u>\$258,939</u>	<u>\$ 7,526</u>
<b>Earnings per share:</b>		
Income before extraordinary item .....	\$ .05	\$ -0-
Net income .....	.06	-0-

## Statement of Retained Earnings

	Year Ended December 31	
	1977	1976
Retained earnings at beginning of year . . . . .	\$191,683	\$184,157
Net income . . . . .	<u>258,939</u>	<u>7,526</u>
Retained earnings at end of year . . . . .	\$450,622	\$191,683

See notes to financial statements



# Statement of Changes in Financial Position

	Year Ended December 31	
	1977	1976
<b>Source of Funds</b>		
Income before extraordinary item .....	\$235,639	\$ 5,494
Charges (credits) not requiring current outlay of working capital:		
Gain on sale of investments - Note B .....	(364,047)	-0-
Deferred income taxes .....	26,300	-0-
<b>TOTAL (TO) FROM OPERATIONS</b>	<b>(102,108)</b>	<b>5,494</b>
Proceeds on sale of investments - Note B .....	500,000	-0-
Extraordinary item - reduction of income taxes resulting from application of deferred exploration and development expenditures .....	23,300	2,032
	<u>421,192</u>	<u>7,526</u>
<b>Application of Funds</b>		
Deferred exploration and development expenditures .....	910	-0-
<b>INCREASE IN WORKING CAPITAL</b>	<b>\$420,282</b>	<b>\$ 7,526</b>
<b>Changes in Components of Working Capital</b>		
Increase (decrease) in current assets:		
Cash .....	\$ 6,300	\$ 7,177
Short-term deposits .....	303,129	-0-
Marketable securities .....	115,497	-0-
	<u>424,926</u>	<u>7,177</u>
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities .....	4,644	(349)
<b>INCREASE IN WORKING CAPITAL</b>	<b>\$420,282</b>	<b>\$ 7,526</b>

# Statement of Deferred Exploration and Development Expenditures

	December 31	
	1977	1976
Balance at beginning of year .....	\$580,931	\$580,931
Add expenditures for year .....	910	-0-
<b>BALANCE AT END OF YEAR</b>	<b>\$581,841</b>	<b>\$580,931</b>



# Quebec Manitou Mines Limited

## Notes to Financial Statements

For the year ended December 31, 1977

### Note A - Accounting Policies

**DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES:** Expenditures on mineral properties and rights are deferred on a specific project basis until the viability of the project is determined. If a project is developed, the related accumulated costs are amortized against future income from the project. If a project is discontinued the accumulated costs are written off to income in the year the project was discontinued.

**DEFERRED INCOME TAXES:** Deferred income taxes arise from claiming exploration and development expenditures for tax purposes before amortization of exploration and development expenditures in the accounts.

### Note B - Investment in Manitou-Barvue Mines Limited

During the year the Company sold 400,000 shares of Manitou-Barvue Mines Limited for \$500,000 and recorded a profit on the transaction of \$364,047. At December 31, 1977, the Company held 554,427 shares, a 14% interest in this company with a quoted market value of \$859,362. Because of the number of shares involved this quoted market value is not necessarily indicative of the amount which would be realized if this investment were sold.

### Note C - Mining Properties and Rights

The Company holds the following mining properties and rights:

- (a) A fixed 17½% non-assessable interest is held in 55 mining claims in Langmuir Township, Ontario, valued at a net cost of \$18,464.
- (b) 24 mining claims in Bourlamaque Township, Quebec, carried at costs to date, which do not necessarily reflect present or future values, which may be more or less than \$173,804. In consideration of \$25,000, an option to Manitou-Barvue Mines Limited to develop and place into production these Bourlamaque Township mining claims at no additional obligation or expense to Quebec Manitou Mines Limited was extended until June 30, 1981. Under this option agreement after Manitou-Barvue Mines Limited is reimbursed for all funds expended by it to bring the property into production, Manitou-Barvue Mines Limited is required to issue to the

Company an additional 35,000 shares of Manitou-Barvue Mines Limited. When Manitou-Barvue Mines Limited has received an additional sum of \$100,000, further revenue and interests are to be shared 25% by Quebec Manitou Mines Limited and 75% by Manitou-Barvue Mines Limited.

- (c) An option to explore and develop 20 mining claims in Duplessis Township, Quebec. This option was obtained at a cost of \$5,355 and expires on May 1, 1979 by which time the Company may elect to bring the mining claims into production and to pay to the owner a royalty of 15% of the mining profits.

### Note D - Capital Stock

During 1976, the Company increased its authorized capital by the addition of 1,000,000 shares without par value.

### Note E - Income Taxes

The Company has non-capital losses of \$73,095 available to reduce future taxable income. The non-capital losses expire as indicated below and cannot be used to reduce taxable income until \$530,000 of the deferred exploration and development expenses have been applied to taxable income.

Year	Loss
1978	\$10,766
1979	24,902
1980	19,953
1981	17,474
	<u>\$73,095</u>

Deferred exploration and development expenses total \$549,000, and have no expiry dates.

### Note F - Remuneration of Directors and Senior Officers

The total remuneration paid to directors and senior officers, as defined by The Business Corporations Act, Ontario, for the year ended December 31, 1977 was \$10,739 (1976 - \$3,500).







